

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name: <u>West Bloomfield Township Public Library</u>	County Oakland
Audit Date March 31, 2004	Opinion Date June 22, 2004	Date Accountant Report Submitted To State: August 2, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): PLANTE & MORAN, PLLC			
Street Address Suite 200, 350 South Main Street	City Ann Arbor	State MI	ZIP 48104
Accountant Signature <i>Plante & Moran, PLLC</i>			

West Bloomfield Township Public Library

**Financial Report
with Additional Information
March 31, 2004**

West Bloomfield Township Public Library

Contents

Report Letter	I
General Purpose Financial Statements	
Combined Balance Sheet - All Fund Types and Account Groups	2
Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - All Governmental Fund Types	3
Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - General and Special Revenue Funds	4
Notes to Financial Statements	5-13
Report Letter	14
Additional Information	
Combining Balance Sheet - Special Revenue Funds	15
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Special Revenue Funds	16



Plante & Moran, PLLC

Suite 200
350 S. Main St.
Ann Arbor, MI 48104
Tel: 734.665.9494
Fax: 734.665.0664
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
West Bloomfield Township Public Library
West Bloomfield, Michigan

We have audited the accompanying general purpose financial statements of West Bloomfield Township Public Library as of March 31, 2004 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of West Bloomfield Township Public Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of West Bloomfield Township Public Library as of March 31, 2004 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

June 22, 2004

A member of



A worldwide association of independent accounting firms

West Bloomfield Township Public Library

Combined Balance Sheet - All Fund Types and Account Groups March 31, 2004

	Governmental Fund Types				Account Groups		Total (Memorandum Only)	
				Capital Projects				
			Debt Service	Fund - Capital			March 31	
	Special	Fund - Debt	Improvements		General	General		
	General Fund	Revenue Funds	Retirement	and Automation	Fixed Assets	Long-term Debt	2004	2003
Assets								
Cash and cash equivalents (Note 2)	\$ 71,950	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,950	\$ 64,370
Investments (Note 2)	5,029,757	-	-	-	-	-	5,029,757	4,589,241
Receivables:								
Property taxes (Note 4)	276,093	-	-	-	-	-	276,093	277,816
Other	1,626	-	-	-	-	-	1,626	1,772
Other assets	652	-	-	-	-	-	652	-
Due from General Fund	-	53,410	1,063,756	1,549,964	-	-	2,667,130	2,411,191
Capital assets (Note 5)	-	-	-	-	15,728,500	-	15,728,500	15,457,954
Amount available in Accrued Employee Benefits Fund	-	-	-	-	-	21,145	21,145	21,045
Amount available in Debt Service Fund	-	-	-	-	-	1,063,756	1,063,756	1,020,068
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	6,125,896	6,125,896	6,844,039
Total assets	<u>\$ 5,380,078</u>	<u>\$ 53,410</u>	<u>\$ 1,063,756</u>	<u>\$ 1,549,964</u>	<u>\$ 15,728,500</u>	<u>\$ 7,210,797</u>	<u>\$ 30,986,505</u>	<u>\$ 30,687,496</u>
Liabilities and Fund Equity								
Liabilities								
Accounts payable	\$ 152,653	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,653	\$ 122,490
Accrued liabilities	65,122	-	-	-	-	-	65,122	999
Due to other funds	2,667,130	-	-	-	-	-	2,667,130	2,411,191
Deferred revenue (Note 4)	237,507	-	-	-	-	-	237,507	277,816
Long-term debt (Note 7)	-	-	-	-	-	7,210,797	7,210,797	7,885,152
Total liabilities	3,122,412	-	-	-	-	7,210,797	10,333,209	10,697,648
Fund Equity								
Investment in general fixed assets	-	-	-	-	15,728,500	-	15,728,500	15,457,954
Fund balances - Unreserved - Designated (Note 3):								
Capital improvement	-	-	-	1,549,964	-	-	1,549,964	1,345,588
Debt retirement	-	-	1,063,756	-	-	-	1,063,756	1,020,068
Future expenditures	2,257,666	-	-	-	-	-	2,257,666	2,120,703
Employee benefits	-	21,145	-	-	-	-	21,145	21,045
Endowments	-	32,265	-	-	-	-	32,265	24,490
Total fund equity	2,257,666	53,410	1,063,756	1,549,964	15,728,500	-	20,653,296	19,989,848
Total liabilities and fund equity	<u>\$ 5,380,078</u>	<u>\$ 53,410</u>	<u>\$ 1,063,756</u>	<u>\$ 1,549,964</u>	<u>\$ 15,728,500</u>	<u>\$ 7,210,797</u>	<u>\$ 30,986,505</u>	<u>\$ 30,687,496</u>

West Bloomfield Township Public Library

Combined Statement of Revenue, Expenditures, and Changes in Fund Balances All Governmental Fund Types Year Ended March 31, 2004

			Debt Service	Capital Projects	Total (Memorandum Only)	
			Fund - Debt	Fund - Capital	Year Ended March 31	
	General Fund	Special Revenue Funds	Retirement	Improvements and Automation	2004	2003
Revenue						
Property tax (Note 4)	\$ 5,036,685	\$ -	\$ -	\$ -	\$ 5,036,685	\$ 4,854,908
State aid	50,512	-	-	-	50,512	73,657
Charges for services	557,014	-	-	-	557,014	439,121
Fines and fees	145,577	-	-	-	145,577	111,796
Penal fines	137,566	-	-	-	137,566	138,977
Interest	27,889	-	-	-	27,889	35,240
Contributions	1,423	-	-	-	1,423	7,611
Endowment gifts	7,775	-	-	-	7,775	24,490
Miscellaneous	300	-	26,638	-	26,938	-
Total revenue	5,964,741	-	26,638	-	5,991,379	5,685,800
Expenditures						
Personnel services	2,245,634	-	-	-	2,245,634	2,097,395
Supplies	110,551	-	-	-	110,551	97,694
Professional and contractual	382,779	-	-	-	382,779	318,671
Communications	26,426	-	-	-	26,426	30,591
Staff development	51,337	-	-	-	51,337	36,645
Community promotion	66,819	-	-	-	66,819	53,446
Insurance and bonds	45,173	-	-	-	45,173	45,386
Utilities	199,073	-	-	-	199,073	194,038
Repairs and maintenance and automation purchases	332,217	-	-	-	332,217	176,761
Rentals	14,779	-	-	-	14,779	1,127
Capital outlay	745,284	-	-	353,361	1,098,645	1,048,107
On-line reference	5,656	-	-	-	5,656	15,297
Lease payment on West Bloomfield Township Building Authority bonds (Note 7)	-	-	1,019,388	-	1,019,388	971,500
Total expenditures	4,225,728	-	1,019,388	353,361	5,598,477	5,086,658
Excess of Revenue Over (Under) Expenditures	1,739,013	-	(992,750)	(353,361)	392,902	599,142
Other Financing Sources (Uses)						
Operating transfers in	-	7,875	1,063,075	557,737	1,628,687	-
Operating transfers out	(1,602,050)	-	(26,637)	-	(1,628,687)	-
Total Other Financing Sources (Uses)	(1,602,050)	7,875	1,036,438	557,737	-	-
Excess of Revenue and Other Financing Sources Over Expenditures and Other Uses	136,963	7,875	43,688	204,376	392,902	599,142
Fund Balances - Beginning of year	2,120,703	45,535	1,020,068	1,345,588	4,531,894	3,932,752
Fund Balances - End of year	<u>\$ 2,257,666</u>	<u>\$ 53,410</u>	<u>\$ 1,063,756</u>	<u>\$ 1,549,964</u>	<u>\$ 4,924,796</u>	<u>\$ 4,531,894</u>

West Bloomfield Township Public Library

Combined Statement of Revenue, Expenditures, and Changes in Fund Balances Budget and Actual - General and Special Revenue Funds Year Ended March 31, 2004

	General Fund			Special Revenue Funds		
	Amended Budget	Actual	Variance	Amended Budget	Actual	Variance
Revenue						
Property tax (Note 4)	\$ 4,998,500	\$ 5,036,685	\$ 38,185	\$ -	\$ -	\$ -
State aid	50,500	50,512	12	-	-	-
Charges for services	553,720	557,014	3,294	-	-	-
Fines and fees	141,600	145,577	3,977	-	-	-
Penal fines	137,500	137,566	66	-	-	-
Interest	25,000	27,889	2,889	-	-	-
Contributions	1,420	1,423	3	-	-	-
Miscellaneous	7,730	7,775	45	-	-	-
Transfers from other funds	300	300	-	7,875	7,875	-
Total revenue	5,916,270	5,964,741	48,471	7,875	7,875	-
Expenditures						
Personnel services	2,276,845	2,245,634	31,211	-	-	-
Supplies	113,430	110,551	2,879	-	-	-
Professional and contractual	388,800	382,779	6,021	-	-	-
Communications	29,000	26,426	2,574	-	-	-
Staff development	54,500	51,337	3,163	-	-	-
Community promotion	67,000	66,819	181	-	-	-
Insurance and bonds	49,000	45,173	3,827	-	-	-
Utilities	211,000	199,073	11,927	-	-	-
Repairs and maintenance and automation purchases	333,000	332,217	783	-	-	-
Rentals	16,500	14,779	1,721	-	-	-
Capital outlay	769,533	745,284	24,249	-	-	-
On-line reference	5,656	5,656	-	-	-	-
Transfers to other funds	1,602,006	1,602,050	(44)	-	-	-
Total expenditures	5,916,270	5,827,778	88,492	-	-	-
Excess of Revenue Over Expenditures	-	136,963	136,963	7,875	7,875	-
Fund Balances - Beginning of year	2,120,703	2,120,703	-	45,535	45,535	-
Fund Balances - End of year	<u>\$ 2,120,703</u>	<u>\$ 2,257,666</u>	<u>\$ 136,963</u>	<u>\$ 53,410</u>	<u>\$ 53,410</u>	<u>\$ -</u>

West Bloomfield Township Public Library

Notes to Financial Statements March 31, 2004

Note 1 - Significant Accounting Policies

The accounting policies of West Bloomfield Township Public Library (the "Library") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity

The Library is governed by an autonomous six-member Board of Trustees elected on a non-partisan basis under Michigan Public Act 164. The accompanying general purpose financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on the significance of any operational or financial relationships with the Library, there are no component units to be included in these financial statements.

Fund Accounting

The accounts of the Library are organized on the basis of funds and account groups, each of which is considered a separate accounting entity.

General Fund - The General Fund contains the records of all activities of the Library that are not accounted for in another fund. General Fund activities are financed primarily by property taxes.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of earmarked revenue or financing activities requiring separate accounting because of legal or regulatory provisions.

Debt Service Fund - Debt Retirement - The Debt Service Fund is used to account for the annual payments of principal, interest, and expenses in connection with the Library facility renovation and addition.

Capital Projects Fund - Capital Improvements and Automation - The Capital Projects Fund is used to account for certain capital improvements and automation expenditures designated by the Library Board that are intended to be funded by amounts periodically set aside from the Library General Fund.

Fixed Assets and Long-term Liabilities - Fixed assets are accounted for in the General Fixed Assets Account Group, rather than in the General Fund. Such assets are recorded as expenditures at the time of purchase. No depreciation has been provided on general fixed assets.

West Bloomfield Township Public Library

Notes to Financial Statements March 31, 2004

Note 1 - Significant Accounting Policies (Continued)

Library books, periodicals, recordings, and films are recorded at one dollar per item. Other fixed assets are recorded at cost or, if donated, at their estimated fair value on the date donated.

Long-term liabilities are accounted for in the General Long-term Debt Account Group, not in the governmental funds.

The General Fixed Assets Account Group and the General Long-term Debt Account Group are not funds and do not involve the measurement of results of operations.

Basis of Accounting

The modified accrual basis of accounting is utilized. Modifications in such method from the accrual basis are as follows:

- a. Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned. Other revenue is recorded when received.

Properties are assessed as of December 31. The related property taxes become a lien and are billed on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls.

Delinquent property taxes are recorded as revenue when received from the county; generally, this occurs several months after year end.

- b. Noncurrent receivables are recorded at full value and deferred revenue is recorded for the portion not available for use to finance operations as of year end.
- c. Interest on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.
- d. Payments for inventorable types of purchases are recorded as expenditures at the time of purchase. Normally, expenditures are not divided between years by the recording of prepaid expenses.
- e. The noncurrent portions of accrued sick and vacation pay liabilities are reflected in the General Long-term Debt Account Group.

Cash Equivalents - The Library considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

West Bloomfield Township Public Library

Notes to Financial Statements March 31, 2004

Note 1 - Significant Accounting Policies (Continued)

Investments - Investments are recorded at fair value, based on quoted market prices.

Memorandum-only Totals - The total data presented is the aggregate of the fund types and account groups and is presented for analysis purposes only. No consolidating or other eliminations were made in arriving at the totals; therefore, they do not present consolidated information.

Other accounting policies are disclosed in other notes to financial statements.

Note 2 - Deposits and Investments

The Library's deposits and investments at March 31, 2004 are included on the balance sheet under the following classifications:

Cash and cash equivalents	\$ 71,950
Investments	<u>5,029,757</u>
Total	<u>\$ 5,101,707</u>

The above amounts are classified by Governmental Accounting Standards Board Statement No. 3 in the following categories:

Bank deposits (checking accounts and savings accounts)	\$ 71,700
Investments in bank investment pools	5,029,757
Petty cash or cash on hand	<u>250</u>
Total	<u>\$ 5,101,707</u>

Deposits

The above deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$173,067. Of that amount, approximately \$114,600 was covered by federal depository insurance. The Library believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Library evaluates each financial institution with which it deposits Library funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

West Bloomfield Township Public Library

Notes to Financial Statements March 31, 2004

Note 2 - Deposits and Investments (Continued)

Investments

The Library is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers' acceptances, and mutual funds and investment pools that are composed of authorized investment vehicles.

The Library's investments at March 31, 2004 consisted solely of bank investment pools, which are regulated by the Michigan Banking Act. The fair value of the position in the bank investment pools is the same as the value of the pool shares. Investments are normally categorized to give an indication of the level of risk assumed by the Library; however, bank investment pools are not categorized because they are not evidenced by securities that exist in physical or book entry form. The Library believes that the investments in these funds comply with the investment authority noted above.

Note 3 - Designated Fund Balance

The West Bloomfield Township Library Board has designated all of the General Fund's fund balance for future expenditures (to provide sufficient working capital to operate the Library from the beginning of its fiscal year, April 1, until property taxes are received in December) and has designated the Capital Improvements and Automation Fund's fund balance for future capital improvement needs. In addition, the fund balances of the Accrued Employee Benefits Fund, Endowment Fund, and the Debt Retirement Fund are designated for employee benefits, endowment projects, and debt retirement, respectively.

Note 4 - Property Tax Revenue

At March 31, 2004, there was \$276,093 of property taxes that were billed and are expected to be collected during the year ending March 31, 2005. Of that amount, \$38,586 was collected within 30 days of year end. The remaining balance of \$237,507 has been recorded as deferred revenue since the amount was not available for use to finance operations as of year end. The total amount of the December 2003 property tax levy was approximately \$5,100,000.

West Bloomfield Township Public Library

Notes to Financial Statements March 31, 2004

Note 5 - Capital Assets

The capital assets of the Library at March 31, 2004 consist of the following:

	Balance April 1, 2003	Additions (Deletions) - Net	Balance March 31, 2004
Land and improvements	\$ 143,593	\$ -	\$ 143,593
Buildings and improvements	13,439,223	230,769	13,669,992
Equipment	1,640,348	19,111	1,659,459
Books, periodicals, recordings, and films*	<u>234,790</u>	<u>20,666</u>	<u>255,456</u>
Total capital assets	<u>\$ 15,457,954</u>	<u>\$ 270,546</u>	<u>\$ 15,728,500</u>

* Books, periodicals, recordings, and films are recorded at one dollar per item. The replacement value, based on trade publications average costs adjusted for discounts and processing costs applicable to Library purchases, was approximately \$4,500,000 as of March 31, 2004.

Note 6 - Budget Information

The annual budget is prepared by the Director and adopted by the Library Board; subsequent amendments are approved by the Library Board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at March 31, 2004 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

The budget has been prepared in accordance with generally accepted accounting principles, with the exception that operating transfers have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)".

West Bloomfield Township Public Library

Notes to Financial Statements March 31, 2004

Note 6 - Budget Information (Continued)

The budget statement (combined statement of revenue, expenditures, and changes in fund balances - budget and actual - General and Special Revenue Funds) is presented on the same basis of accounting used in preparing the adopted budget. Following is a reconciliation of the budget statement to the operating statement (combined statement of revenue, expenditures, and changes in fund balances - all governmental fund types):

	General Fund		Special Revenue Funds	
	Total	Total	Total	Total
	Revenue	Expenditures	Revenue	Expenditures
Amounts per operating statement	\$ 5,964,741	\$ 4,225,728	\$ -	\$ -
Operating transfers budgeted as revenue and expenditures	-	1,602,050	7,875	-
Amounts per budget statement	<u>\$ 5,964,741</u>	<u>\$ 5,827,778</u>	<u>\$ 7,875</u>	<u>\$ -</u>

The budget has been adopted on an activity basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the budget as adopted by the Library Board is included in the general purpose financial statements.

Note 7 - Long-term Debt

Outstanding Debt

The following is a summary of the debt outstanding of the Library. All debt is recorded in the General Long-term Debt Account Group.

	Interest Rate	Maturing Through	Principal Outstanding
Contractual lease obligation with West Bloomfield Township (Library building lease)	4.4% - 4.8%	2012	\$ 7,050,000
Accumulated employee benefits			<u>160,797</u>
Total long-term debt			<u>\$ 7,210,797</u>

West Bloomfield Township Public Library

Notes to Financial Statements March 31, 2004

Note 7 - Long-term Debt (Continued)

The accumulated employee benefits represent the estimated liability to be paid employees under the Library's sick and vacation pay policy, net of the portion that is estimated will be paid currently (which is recorded as a liability in the General Fund). Under the Library's policy, employees earn sick and vacation time based on time of service with the Library.

Changes in Long-term Debt

The following is a summary of long-term debt transactions of the Library for the year ended March 31, 2004:

Balance - April 1, 2003	\$ 7,885,152
Increase in obligation for compensated absences	645
Capital lease payment	<u>(675,000)</u>
Balance - March 31, 2004	<u>\$ 7,210,797</u>

Debt Service Requirements

The annual requirements to service all debt outstanding as of March 31, 2004 (excluding employee benefits), including both principal and interest, are as follows:

<u>Years Ending March 31</u>	<u>Amount</u>
2005	\$ 1,063,075
2006	1,054,137
2007	1,018,875
2008	982,838
2009	946,413
Remaining years	<u>3,507,000</u>
Total	<u>\$ 8,572,338</u>

Interest

Total interest incurred for the Library for the year approximated \$317,000.

West Bloomfield Township Public Library

Notes to Financial Statements March 31, 2004

Note 8 - Defined Contribution Retirement Plan

The Library provides pension benefits to certain full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after one year of service. As established by the West Bloomfield Township Library Pension Trust, the Library contributes 7.5 percent of employees' gross earnings. The employees' required contribution is 5 percent of their gross earnings. In accordance with these requirements, the Library contributed approximately \$94,000 during the current year, and the employees contributed approximately \$50,000.

Note 9 - Postemployment Benefits

The Library provides health care benefits to all full-time employees who retire at age 62 with 18 or more years of full-time service or at age 65 with 15 or more years of full-time service in accordance with Library Board Resolution. Currently, two retirees are eligible. The Library includes pre-Medicare retirees in its insured health care plan, with no contribution required by the participant. The Library purchases Medicare supplemental insurance for retirees eligible for Medicare. Expenditures for postemployment health care benefits are recognized as the insurance premiums become due; during the year, this amounted to approximately \$12,000.

Note 10 - Risk Management

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Library has purchased commercial insurance for workers' compensation, health, and disability claims, and participates in the state pool program of the Michigan Municipal Risk Management Authority for claims relating to general liability and property. The Library is uninsured for unemployment claims. There were no claims made during the fiscal year ended March 31, 2004 and the Library has no liability as of March 31, 2004 for unemployment claims incurred to date. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority state pool program operates as a common risk-sharing management program. Member premiums are used to purchase excess insurance, which is partly underwritten by the Authority.

West Bloomfield Township Public Library

Notes to Financial Statements March 31, 2004

Note 11 - Contingency

The State Tax Commission recently revised the tables that are used to calculate the assessment of personal property taxes. In addition to revisions made to the general personal property tax tables, the State Tax Commission also approved new personal property tax tables for utilities. The new tables made drastic changes to the transmission and distribution property of utilities. General estimates are that use of the new utility tables result in approximately a 30 percent revenue loss on those properties. Many communities have elected to continue to assess the transmission and distribution property of utilities using the old personal property tax tables. This issue is the subject of a lawsuit brought by several units of government against the State Tax Commission challenging the constitutionality of the new utility personal property tax tables. Depending on the outcome of this lawsuit, the Library may owe refunds of previously collected taxes. The amount of these potential refunds is approximately \$69,000.

Note 12 - Upcoming Reporting Change

For the year beginning April 1, 2004, the Library plans to adopt GASB Statement No. 34. This will revise the information being reported in these financial statements. The Library will report information similar to current reporting, as well as a conversion to the full accrual basis of accounting. Information is not available to present pro forma data that would show the effect of this future change.

Additional Information



Plante & Moran, PLLC

Suite 200
350 S. Main St.
Ann Arbor, MI 48104
Tel: 734.665.9494
Fax: 734.665.0664
plantemoran.com

To the Board of Trustees
West Bloomfield Township Public Library
West Bloomfield, Michigan

We have audited the general purpose financial statements of West Bloomfield Township Public Library as of and for the year ended March 31, 2004. Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The additional information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements. This information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Plante & Moran, PLLC

June 22, 2004

West Bloomfield Township Public Library

Combining Balance Sheet Special Revenue Funds March 31, 2004

	Accrued Employee Benefits Fund	Endowment Fund	Total
Assets - Due from General Fund	<u>\$ 21,145</u>	<u>\$ 32,265</u>	<u>\$ 53,410</u>
Fund Equity - Fund balances - Unreserved -			
Designated			
Employee benefits	\$ 21,145	\$ -	\$ 21,145
Endowments	<u>-</u>	<u>32,265</u>	<u>32,265</u>
Total fund equity	<u>\$ 21,145</u>	<u>\$ 32,265</u>	<u>\$ 53,410</u>

West Bloomfield Township Public Library

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Special Revenue Funds Year Ended March 31, 2004

	Accrued Employee Benefits Fund	Endowment Fund	Total
Revenue	\$ -	\$ -	\$ -
Expenditures	-	-	-
Excess of Revenue Over Expenditures	-	-	-
Other Financing Sources - Operating transfers in	100	7,775	7,875
Excess of Revenue and Other Financing Sources Over Expenditures	100	7,775	7,875
Fund Balances - Beginning of year	21,045	24,490	45,535
Fund Balances - End of year	<u>\$ 21,145</u>	<u>\$ 32,265</u>	<u>\$ 53,410</u>

Master Document

FIELD	VALUES
Company Name (Headings)	West Bloomfield Township Public Library
Company Name (Text)	West Bloomfield Township Public Library
D/B/A	d/b/a
Year End	March 31, 2004
Prior Year	March 31, 2003
2 Year Prior	March 31, 2002
Opinion Date	June 22, 2004
Comparative Date	March 31, 2004 and 2003
A2003	2004
a2002	2003
A2001	2002
A2000	2001
A2003 and 2002	2004 and 2003



Plante & Moran, PLLC

Suite 200
350 S. Main St.
Ann Arbor, MI 48104
Tel: 734.665.9494
Fax: 734.665.0664
plantemoran.com

June 22, 2004

To the Board of Trustees
West Bloomfield Township Public Library
4600 Walnut Lake Road
West Bloomfield, MI 48323

Dear Board Members:

In planning and performing our audit of the financial statements of West Bloomfield Township Public Library for the year ended March 31, 2004, we considered the Library's internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the Library's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Segregation of Duties

There is a lack of segregation of duties related to the cash receipting process. The same individual is responsible for making cash deposits, recording the deposits in the general ledger, and preparing the bank reconciliations. While an independent person reviews the bank reconciliations, monitors the monthly activity, and reviews budget comparisons, a critical lack of segregation exists. Due to the size of the Library and the number of staff, we recognize that it may be difficult to achieve ideal segregation. However, in an effort to strengthen the controls, we recommend that an individual independent of the accounting department make the deposits.

The following items are not considered reportable conditions; however, we feel that they warrant your consideration.

A member of



A worldwide association of independent accounting firms

Wire Transfers

Public Act 738 of 2002, which became effective December 30, 2002, authorizes the Library to make electronic transactions involving public funds by electronic payment, debit, or credit transfer processed through an automated clearing house (ACH). Such transactions are being made by the Library, primarily for transfers between investments and cash accounts.

The Act requires the Library to have a written ACH policy which outlines approval, accounting, and reporting of ACH transactions, and generally overseeing compliance with the policy. It has come to our attention that the Library does not currently have such a policy. We recommend that a policy be adopted to become compliant with the Act.

New Financial Statement Reporting Model

Effective with the Library's fiscal year beginning April 1, 2004, the Library will be required to implement Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This pronouncement will significantly change the makeup and presentation of the annual audited financial statements. Some of these changes include:

- A management's discussion and analysis section prepared by the Library's management
- The addition of a government-wide financial statement prepared on a full accrual basis
- Budgetary schedules comparing original budget and final amended budget to actual balances
- Capitalization and depreciation of fixed assets

In an effort to facilitate the capitalization of fixed assets, we would suggest reviewing the classification of expenditures of capital items. For example, while reviewing current year expenditures classified as repairs and maintenance and technology maintenance, we noted that certain expenses may have been better classified as capital outlay, making it easier to identify them for capitalization under GASB 34.

The new financial statement model is intended to provide information about both the Library's current financial and total economic resources and will supplement the Library's current reporting perspective.

More details about this new pronouncement can be found in the Library of Michigan's *Financial Management Reference Guide*. This guide is available on the Library of Michigan's Web site.

To the Board of Trustees
West Bloomfield Township Public Library

3

June 22, 2004

We appreciate the opportunity to serve as your auditors. We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC



David Helisek



Victoria C. Amore